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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE
COURSE CODE: BCB 421
COURSE TITLE: STRATEGIC MANAGEMENT**

DATE: 09/11/2020

TIME: 9.00 – 11.00AM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

Read the case below and answer the questions that follow

China to take action against inflation

The Chinese government is becoming increasingly concerned about higher rates of inflation. Rising oil and petrol prices have increased costs to industry and firms are being forced to raise their prices to cover these higher costs. In addition, rising demand for food from a wealthier population, together with supply problems resulting in excess demand, have led to the price of pork rising by 63% and fresh vegetable prices by 46%. The People's Bank of China has just increased interest rates by a further 0.27%. This is the third increase in less than a year. A spokesman from Goldman Sachs, the investment bank, reported that the increase shows that the central bank is now much more prepared to use interest rates to manage the economy and tighten monetary policy at the first signs of the booming economy overheating. China's GDP increased by 10.7% in 2007, and the prime minister has said that this rate of growth is becoming 'unsustainable'. Chinese leaders face conflicting pressures in balancing the top priority of maintaining high-speed economic growth to create millions of new jobs each year, with managing growing environmental problems and rising cost-push pressures causing higher inflation.

- a). Identify the indicators of the PESTEL factors in the above case.
(10mks)
- b). Give the reasons for the increase in the rate of inflation in china
(10mks)
- c). Outline the forces or factors within a business that influence its activities
(10mks)

QUESTION TWO

The product life cycle is a curve that describes an attempt to trace or recognise distinct stages in the sales history of a product. The concept argues that just like plants and animals products too are born, they mature and finally they die. The PLC recognizes four stages through which product moves in its sales history. Explain the salient features of each of these stages. (20mks)

QUESTION THREE

- a). Identify the characteristics of sound and effective procedures (10mks)
- b). A business must undertake external environmental scanning to determine external forces that may have an impact on its operations. Explain the characteristics in the economic environment of a business (10mks)

QUESTION FOUR

- a). Discuss Porter's five forces model. How does it help managers to identify the opportunities and threats confronting a company? (15mks)
- b). Indicate the parameters used to evaluate a strategy. (5mks)

QUESTION FIVE

- a). Whereas strategic management is suggested as the most appropriate approach to organizational management, it has its inherent weaknesses. Assess the limitations of strategic management in line with an organization of your choice (10mks)
- b). i). What is Mission Statement? (2mks)
- ii). Clearly discuss the principal components of a good Mission Statement (8mks)